FAQ - NEW MAIN MARKET PROCESS IN STOCKHOLM
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BACKGROUND
Why is Nasdaq adjusting the Main Market process in Stockholm?
Nasdaq conducts continuous reviews of its processes to ensure and enhance efficiency and quality. The proposed adjustments aim to increase the transparency and predictability of the process in general, and increase the flexibility for when and with whom a company initiate the review process. They also enable a more efficient dialogue between the company (and its advisers), the Listing Auditors and Nasdaq during the review process. This while retaining the same quality and listing requirements.

Why is only Nasdaq Stockholm adjusting the process?
The Nordic listing processes differ. The listing process at Nasdaq Stockholm has been perceived to be thorough and of high quality. In order to create a process that is more predictable and transparent, Nasdaq is implementing changes to the review process. Harmonization in the Nordics is a long-term ambition of Nasdaq and this is a first step.

THE LISTING AUDITOR
How does a company appoint a Listing Auditor to conduct the listing review? And when?
It is up to the company. The company contacts its Listing Auditor of choice when the company and its advisers deem it timely.

Which auditors can conduct the listing review?
All “Big 5” audit firms (EY, KPMG, Deloitte, PWC, Grant Thornton) are entitled to conduct the listing review. Each audit firm has named its Listing Auditor(s) to be responsible for the listing review. The names and contact details of the appointed Listing Auditors are available on Nasdaq’s website.

Why aren’t there more eligible auditors or firms – is it a competence issue?
The Listing Auditors are appointed by each of the “Big 5” audit firms on the basis of competence and experience within, inter alia, Swedish capital markets regulation. It is up to each audit firm to appoint the Listing Auditors they deem suitable.

How will the risk for bottlenecks with a limited pool of Listing Auditors be avoided under the new process?
It is up to each Audit firm to appoint the number of Listing Auditors they consider needed. Each Listing Auditor also heads up a team of auditors within their respective firm who assists with this work, hence the firms have the capacity to handle several listing reviews in parallel.
How will the new process solve the issue of starting a new learning curve when the Listing Auditor enters the scene? Can the companies leverage the pre-IPO work and the knowledge built up during that phase?
The pre-IPO team can be leveraged only if they have not provided guidance on the design, implemented policies or internal controls, or conducted testing etc. This is because it might otherwise create a conflict of interest according to underlying legislation.

Can a sub-consultant be engaged by the Listing Auditor to avoid a conflict of interest?
In general no, the company must itself engage someone else if gaps are found and guidance is needed on design and/or implementation of internal controls, policies etc. It is determined by underlying legislation and up to each auditor firm to evaluate.

Does the Listing Auditor need to be independent?
There is nothing in the exchange rules that requires that the Listing Auditor be independent. However, the Listing Auditor is required to perform a critical assessment of the company’s fulfilment of listing requirements and this means underlying legislation (Revisorslagen) places an independence requirement on the Listing Auditor.

Will more responsibility be put on the banks in the new process?
From the perspective of the exchange there is no change compared to the previous process as regards the responsibility on banks.

How will the new process improve the Listing Auditors possibilities to answer questions that come up during the process?
As in the current process the Listing Auditors will be able to answer questions from the company and other advisors during their review. In addition, Nasdaq’s listing qualifications team will be available throughout the listing process to respond to questions and provide guidance.

THE LISTING AUDITOR REVIEW
Will anything change in terms of what the company, through its Listing Auditor, submits to Nasdaq Stockholm for approval?
No, the same requirements apply.

What items are checked in the listing review conducted by the Listing Auditor appointed by the company?
Exactly the same items that are covered in the previous process.

How does Nasdaq ensure that the work conducted by the Listing Auditors remains homogeneous?
Nasdaq provides a clear work instruction to be applied by Listing Auditors in every case they review, and Nasdaq also holds regular practice meetings with the Listing Auditors.
How will Nasdaq ensure the quality of the Listing Auditors?
Quality of the Listing Auditors, and by extension the review they perform, is central to the listing process, hence there are only five individuals from the leading five accounting firms that have been appointed by the audit firms to be responsible for the listing reviews. These are individuals with long experience within, inter alia, the Swedish capital markets regulation.

INTERACTION BETWEEN PARTIES IN REVIEW PROCESS
What will be the interaction with Nasdaq Stockholm Listing Qualifications, the Listing Auditor and the other advisors during the listing process?
Nasdaq Listing Qualifications will be the first port of call for all listing questions. The Listing Qualifications team will offer 2-3 status meetings to discuss listing review status and potential open questions.

Will the Listing Auditors be able to act as a sounding board to a larger extent in the new process?
The Listing Auditors are experienced in listing processes and can act as a sounding board during their review. Questions can also be brought to Nasdaq Listing Qualifications.

PRE-IPO
Is a Pre-IPO a prerequisite?
No, the pre-IPO review is voluntary and up to the company to determine if they deem necessary.

How many of the gaps identified in a pre-IPO need to have been closed prior to a startup meeting?
There is no change in the requirements that need to be met, and it is for the company and advisers to plan to close the gaps in time for the review by the Listing Auditor.

NASDAQ REVIEW
At what point in time will Nasdaq be involved in the process?
At the latest three months before the listing committee meeting at which a decision is sought by the company in question, Nasdaq expects the company to attend a startup meeting. Listing Qualifications will act as a sounding board throughout the process, and will offer 2-3 checkpoints to discuss the status and any questions.

\(^{1}\)6 weeks for SPACs

What will Nasdaq review during the listing process?
The Listing Auditor’s report and all questions on rule requirements arising during the review.

How are overlaps/double work in the review process avoided with this new process?
The roles and responsibilities have been clarified in the work instructions to advisers and the Listing Auditors.
What is changed to ensure there is a good sounding board and guidance during process?
Nasdaq Listing Qualifications will be the first port of call for all listing queries during the Listing Auditor review. Listing Qualifications will act sounding board throughout the process, and will host 2-3 meetings to discuss the review status and any queries.

Can the startup meeting be used as the first checkpoint. i.e., more of a status check and working meeting to make the process as efficient as possible?
Yes, the startup meeting can be used as a first status meeting where the company, the advisers and the chosen Listing Auditor update Nasdaq on current status and remaining gaps to close in relation to the listing requirements/checklist.

DECISION PROCESS
Will the Listing Committee remain the same?
Yes

Is it possible for the company to participate in the Listing Committee meeting?
No, the company will not be able to participate in the Listing Committee meeting. The Listing Auditor will present their report to the Listing Committee. Minutes are provided the business day following the meeting, documenting the decision, and Nasdaq Listing Qualifications will be able to provide more details and clarity to the decision.

How will the Listing Auditor be able to make judgements during the process?
The Listing Auditor will be able to guide the company during its review but not to make judgements on behalf of Nasdaq. Nasdaq Listing Qualifications will be the primary rule arbiter with the Listing Committee as the ultimate decision maker. Listing Qualification will provide guidance during the process.

How should companies and advisers handle uncertainties during the Listing Auditor review process and before the Nasdaq startup meeting has taken place, can companies seek advance rulings?
Companies are welcome to contact Nasdaq Listing Qualifications before having started a formal process with Nasdaq. However, advance ruling is only available for companies having initiated their formal process with Nasdaq (i.e. participated in a startup meeting and paid the listing fee).